
Record Keeping and Treasurer's Duties

REPORTING & RECORD KEEPING

One of the primary purposes of the Kentucky campaign finance laws is to provide public information about the financing of political campaigns. Political campaigns and political committees are required to file periodic reports with the Registry of Election Finance. They must disclose the source of contributions to their campaigns or committees, the amount given, the occupation and employer of each contributor, whether the money was from a fund raising event, and how the money was spent.

The key to complying with the reporting requirements is to keep detailed records of each contribution and expenditure.

Before attempting to complete any campaign finance forms, a thorough review of this Guide is necessary.

DUTIES OF THE TREASURER

KRS 121.160; 121.170(3)

The selection of a campaign treasurer is an extremely important decision, not only because he or she plays such an integral role in the campaign, but also because the candidate may ultimately be held responsible for the acts or omissions of the treasurer. An individual who accepts the responsibility of being a treasurer should be aware of the penalties that may be imposed for failure to file campaign finance reports and failure to file complete and accurate reports. It is an important responsibility and should be taken seriously.



Often treasurers for candidates are professional accountants or certified public accountants who volunteer their professional services as treasurers. However, corporate assets belonging to the treasurer's employer are not allowable contributions. Therefore, any use by the treasurer of corporate assets should be billed to the campaign and paid for with campaign funds. 32 KAR 2:170 1(3)

KRS 121.160 provides that the duties of a treasurer are as follows:

- Open a bank account and designate that account "Campaign Fund of (Name of Candidate or Committee)."
- Deposit all contributions into the campaign depository account. This includes the candidate's own contributions of money.
- Keep detailed records of ALL contributions. One of the best ways to accomplish this is to keep copies of each contribution check received. For contributions in excess of \$100, record the name, address, employer, and occupation of each contributor or if self-employed, the name under which the contributor is doing business. Be specific in listing the occupation of the contributor. For example, a general classification such as "businessman" is insufficient.
- Keep detailed records of ALL contributions from permanent committees (PACs). The law requires itemization of all PAC contributions regardless of amount. The treasurer is also required to report the major business, social, or political interest represented by each PAC.
- Keep detailed records of ALL contributions from Executive Committees. Contributions over \$100 dollars must be itemized; however, all contributions from Executive Committees must be accounted for separately from other receipts.
- Make or authorize all expenditures on behalf of the campaign from the campaign's account. Expenditures in excess of \$25 must be made by check. Records and reports must indicate the name, address, and occupation of every payee, as well as the date, amount, and purpose of the expenditure. Be sure to keep a receipted bill for each of the expenditures.
- Maintain all records, including receipts and bills, for six years from the date the last report is filed.
- Avoid making a payment to someone not directly providing goods or services to the committee in the attempt to conceal payment to someone else.
- Prepare and file separate reports for each committee, if serving as a treasurer for more than one committee.

Keeping and maintaining complete campaign records from start to finish is essential. The lack of good records may lead to unnecessary time and effort spent looking for records at critical times. When deciding what kind of record-keeping system to implement, the treasurer should keep in mind that the Kentucky campaign finance law places great emphasis upon complete and full disclosure of campaign finance information. Any system that is designed must be done so with this in mind.

NEW TREASURER

KRS 121.160(4)

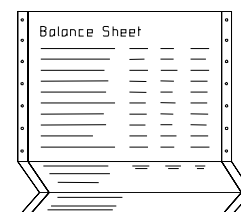
If the campaign treasurer is removed, dies or resigns, the campaign must, within three days after receiving notice thereof, appoint a new treasurer and file the name and address of the new treasurer with the Registry. A candidate shall be accountable as his or her own treasurer if he or she fails to meet this filing requirement.

CAMPAIGN BANK ACCOUNT

KRS 121.220

The first duty of a campaign treasurer is to designate a bank depository in which the primary campaign account will be maintained.

The name of the account should be "Campaign Fund of (Name of Candidate or Committee)." This must be done before receiving or spending any money for the campaign.



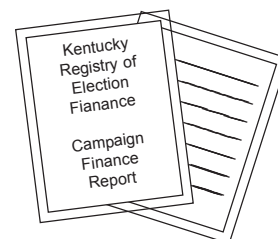
Only a financial institution authorized to do business in Kentucky and insured by the FDIC may be designated as a depository.

It is recommended that the campaign open an account at a bank that returns canceled checks. It may save the campaign the extra expense of paying for check copies that may be needed at a later date. The campaign's account should be reconciled to the campaign finance reports regularly.

REPORTING FORMS

KRS 121.120(4)

Reporting forms may be obtained when you file at your local county clerk's office, or the Secretary of State's Office. You may also obtain reporting forms from the Registry.



All forms may be typed, printed, or computer generated, as long as the forms are legible. It is important that the campaign file the original document with the Registry, because it will be copied many times. Campaigns submitting illegible documents will be required to resubmit a legible copy. **A duplicate copy of each report must be filed with your local county clerk** and your campaign should keep a copy for the campaign records.

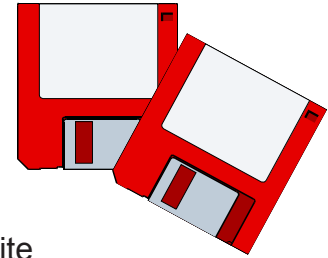
The forms may be duplicated as needed.

Note: If forms are computer generated, you must use the same format as the Registry's forms on 8 1/2 x 11 paper. The report must be legible.

ELECTRONIC REPORTING

KRS 121.120(6), KRS 121.180(12) - (18)

KRS Chapter 121 permits the option of electronic reporting of campaign finance data, and the Kentucky Registry of Election Finance encourages this filing option for candidates. Candidates who wish to use this method of filing reports should contact the Registry's Information Systems Manager at 502/573-2226 or consult the Registry's website at <http://www.kref.ky.gov>. The website provides information about how to get started if you wish to file electronic and if you are already an electronic filer helpful information on how to use the software.



KRS 121.120(6)(b) requires the Registry to accept test files from vendors or other persons wishing to file electronic reports in order to determine whether the software or file format complies with the Registry's standards for electronic reporting. NOTE: Software manufacturers interested in producing candidate or committee software for Kentucky campaign finance reports may consult the Registry's website at <http://www.kref.ky.gov> for format specifications or, for information on how to submit test files, contact the Registry's Information Systems Manager at 502/573-2226.

REPORTING PERIOD

KRS 121.180(3)

Each report covers activity during a specific time period. Each report begins where the last report ends. There should never be gaps between the periods covered, and there should not be an overlap of time periods. See Chapter 7 for the reporting schedules.

RECORDS OF CONTRIBUTIONS/RECEIPTS

KRS 121.160(2)

The procedure for recording contributions received should enable the treasurer to maintain a continuing total of all contributions received, as well as a continuing total received from any one contributor. KRS Chapter 121 requires that detailed records of all contributions be kept.

Accepting Contributions

Remember that all contributions must be recorded in the campaign's records. Contributions are reported on Schedule 1 Itemized Receipts (those over \$100 in the aggregate per election) of the Election Finance Statement, or as cash, anonymous or unitemized on the Summary Page of the Election Finance Statement.

See sample Contribution Card on the next page.

Sample Campaign Contribution Card

Thank you for supporting my candidacy for Senate. In order for me to comply with campaign finance laws, I must supply the following information to the Registry of Election Finance. **Make checks payable to Joe Candidate Campaign Fund.**

Please return this card with your contribution.

Maximum aggregate contributions per election are \$1,000

Maximum cash contribution per election is \$50

Corporate contributions are prohibited

Contributor's Name:

Address:

Occupation:

Employer:

*Spouse's Name:

Occupation:

Employer:

Amount of Contribution: \$

Have you made other contributions this election? __Yes __No

(Sample of Front of Card)

___ I am looking forward to attending fundraiser to support your candidacy.

___ people will be attending with my party.

___ I am unable to attend, but wish to help campaign with \$_____ contribution. The required information is listed above for my contribution.

___ I am unable to attend.

(Sample of Back of Card)

*Spouse information required only for statewide candidates.

What Does it Mean to “Itemize”?

The term “itemize” when used in this guide means to fully disclose the name and address of the contributor, date of the contribution, amount of the receipt, type of receipt, and the specific occupation and employer for each contributor, or the name under which the contributor is doing business, if the contributor is self-employed. Statewide candidates must also provide for each contributor the spouse’s name, occupation and employer. If the contributor is a PAC, the political interest represented by the PAC must be given.

What Does “Aggregate” Mean?

The term “aggregate” is used in this Guide to indicate when a campaign has to itemize a contribution. Once a single contributor’s total contributions exceed more than \$100 per election, the campaign is required to itemize that contribution by providing the required contributor information on the report.

Identifying Contributions of \$100 or Less

KRS 121.160(2)(b)

Campaign finance law does not require the treasurer to report detailed and exact accounts of contributions of \$100 or less. However, internal records must be maintained to identify the sources of contributions as they occur in order to aggregate each individual or group contribution with subsequent contributions by that particular individual or group. (Contributions to campaigns are aggregated on a per contributor, per election basis for the purpose of monitoring contribution limits.)

Identifying Contributions Exceeding \$100

KRS 121.160(2)(b)

For each contribution by an individual or group that exceeds \$100, the treasurer’s records must identify the contributor by name, address, age if under 18, occupation and employer of the contributor, or if the contributor is self-employed, the name under which the contributor is doing business, along with the date and amount of the contribution. Statewide candidates must also provide for each contributor the spouse’s name, occupation and employer. **Be specific** in listing the contributor’s occupation. For example, the use of a general classification such as “businessman” or “businesswoman” is insufficient. Additionally, for each in-kind contribution, the treasurer should keep a record of the value of the item or service and a brief description.

Combining Monetary and In-kind Contributions

KRS 121.150(6)

Monetary and in-kind contributions are combined for the purpose of applying the contribution limits. Whenever a dollar amount is mentioned, it refers to any combination of monetary and non-monetary contributions.

Identifying Contributions from PACs

KRS 121.180(3)(a)1

Keep detailed and exact accounts of contributions of any amount made to the campaign by a permanent committee. Your records should disclose the name of the PAC, its address, date of the contribution, amount contributed, and a description of the major social or political interest represented by the PAC. You may refer to the Registry's list of registered PACs to obtain detailed information about a permanent committee.

Joint Contributions

KRS 121.150(6)

A joint contribution is a contribution that is made by more than one person using a single check or other written instrument. It is acceptable, however, only if the check is drawn on a joint bank account, and each person to whom the contribution is to be attributed has signature authority on the joint bank account. While it is preferable for each joint owner to write and sign his or her own contribution check, two or more individuals may each make a contribution using one check drawn on a joint account.

When making a joint contribution, each contributor must sign the check (or other written instrument) or a statement that accompanies the contribution check. If the check or statement does not indicate how much should be attributed to each donor, the campaign should attribute the contribution in equal portions.

The campaign should retain any statement that accompanies a joint contribution. If the designation appears on the face of the check itself (or other written instrument), the campaign should retain a photocopy.

Note that a joint contribution must represent the personal funds of each donor because contributions made in the name of another are prohibited. The campaign should immediately return a joint contribution check in excess of \$2,000 if the check is not signed by more than one joint owner, and is not accompanied by any other attribution information.

Contributions from Spouses

KRS 121.150(12)

A husband and wife each have a separate contribution limit. A couple may transmit a contribution via one check drawn on a joint bank account (for example, a check for \$2,000 for an election), as long as both sign the check or an attached statement.

Partnership Contributions

KRS 121.150(12)

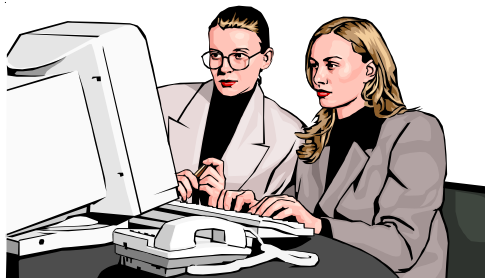
A campaign may accept a contribution from an individual who is a partner in a partnership. The partner may contribute from personal funds or from partnership funds that are credited to the individual partner.

A campaign may accept a contribution from two or more individuals who are partners in a partnership. If the contribution is transmitted jointly on a partnership check, the partnership must provide written instructions signed by each partner regarding the percentage to be attributed to each partner. The amount attributed to an individual partner counts toward that individual's contribution limit. The name of the partnership is not recorded as the contributor.

Alternatively, a partnership of two or more individuals that contributes collectively to a campaign from time to time with funds derived solely from the partners may qualify and contribute as a contributing organization. A campaign that accepts a contribution from a partnership qualifying as a contributing organization must record the contribution under the name of the partnership but is not required to record information regarding the individual members of the contributing organization.

Campaigns are not permitted to accept corporate contributions. Campaigns should not accept a partnership check from a partnership that has a corporation as a partner.

Details of the reporting of partnership contributions may be found on the next page.



(OPTION 1)**MAKING A CONTRIBUTION AS AN INDIVIDUAL WITH PARTNERSHIP FUNDS:**

Each individual partner may contribute a maximum of \$1,000 per candidate per election. The individual partner may do this with partnership funds that are credited to the individual partner or with personal funds.

The Candidate's Reporting Responsibility:

When a campaign receives a contribution written from partnership funds with a list of individual partners and the amount each partner contributed, the campaign reports the contribution as being received from each partner — not from the partnership itself. If the contribution is over \$100 per contributor, the campaign discloses the name, address, occupation, employer, date and amount that each partner gave to the campaign. If the contribution is \$100 or less, the campaign reports the contribution as an unitemized contribution.

The Partnership's Reporting Responsibility:

When individual partners in a partnership make political contributions, written from partnership funds, the partnership must include a list with its contribution to the campaign disclosing the following information: name, address, occupation, employer, date and amount that each partner gave to the campaign.

(OPTION 2)**MAKING A CONTRIBUTION AS A CONTRIBUTING ORGANIZATION WITH PARTNERSHIP FUNDS:*****The Candidate's Reporting Responsibility:***

When a campaign receives a contribution from a Contributing Organization in excess of \$100, it must itemize the contribution on the report by: organization's name, address, date contribution was received, and amount received. If the contribution is \$100 or less, the campaign reports the contribution as an unitemized contribution.

The Partnership's Reporting Responsibility:

When a partnership makes a contribution as a Contributing Organization in excess of \$100, it must file a "Contributing Organization Report" with the Registry. This report shows the partnership made a political contribution, to whom it was made, date, amount of the contribution and the source of funds.

(See next page for sample Contributing Organization Form.)

KREF012

REPORT OF CONTRIBUTIONS BY A CONTRIBUTING ORGANIZATION

Name of Group: _____

Mailing Address (to include city, state and zip)

KRS 121.015(4) and 121A.010(10) read as follows:

"Contributing organization' means a group which merely contributes to candidates, campaign committees or executive committees from time to time from funds derived solely within the group, and which does not solicit or receive funds from sources outside the group itself. However, any contribution made by the group in excess of one hundred dollars (\$100) shall be reported to the registry."

KRS 121A.050(3) reads as follows:

"A group of individuals which shares the cost associated with the purchase of or payment for goods or services for the benefit of a slate of candidates or advertising which expressly advocates the election or defeat of a slate of candidates shall report to the registry as a contributing organization as required by KRS 121A.010(10) and shall be bound by the contribution limit established by subsection (1) of this section. This subsection shall not be construed to restrict the right of an individual to make a legitimate independent expenditure as defined by KRS 121.150(1)."

CONTRIBUTIONS

Date	Name of Candidate or Committee	Amount Contributed

SOURCE OF FUNDS

The Kentucky Constitution prohibits the use of corporate funds to influence an election.

General Funds ☐

Collections ☐

Dues ☐

Other (explain) ☐ _____

Signature: _____

Title: _____

Remedying an Excessive Contribution

Accepting a contribution in excess of the contribution limit is a violation. When a campaign receives an excess contribution, one that exceeds the donor's aggregate limit for the election, the campaign should immediately return the contribution. The campaign should keep a written record or photocopy of each returned contribution for its records.



If the contribution check has been deposited, the campaign must report it. The campaign should immediately refund the excess amount and report the refund as a "receipts adjustment." If the contribution is in the form of a check drawn on a joint account, the campaign could seek a reattribution of the contribution between the owners of the joint account. See the discussion on joint contributions on page 51.

Unwanted Contributions

When a campaign receives an unwanted contribution, the contribution should be returned to the donor without depositing it. If the campaign returns the check without depositing it, the contribution does not have to be reported. The campaign should keep a written record or photocopy of each returned contribution. If the contribution is deposited in the campaign's account, it must be reported.

Refund of a Contribution

When a campaign refunds a contribution to a donor, the campaign must record the refund as a "receipts adjustment" rather than as a campaign expenditure. If the campaign did not itemize the receipt on a previous report, it subtracts the amount of the refund from the total for the appropriate category of receipts (i.e. unitemized, cash or anonymous). The reduced total is entered on the Summary Page.

If the campaign previously itemized the receipt, it itemizes the refund as a negative entry on the appropriate Receipts Schedule 1.

Checks Returned Due to Insufficient Funds

If the campaign reports the receipt of a check and later finds it cannot be negotiated because of insufficient funds in the donor's account, the campaign should deduct the amount of the check on its next report. If the campaign did not itemize the receipt on a previous report, it subtracts the amount of the check from the total for the appropriate category of receipts (i.e. unitemized). The reduced total is entered on the Summary Page. If the campaign previously itemized the receipt, it itemizes the return of the check as a negative entry on the appropriate Receipts Schedule 1.

Investments

Invested funds are included in the amount of cash on hand. The campaign should not report any investment as a disbursement, since the money is still an asset. A campaign must report interest income received during the reporting period in the "Other Receipts" category.

REPORTING THE EXPENSES OF THE CAMPAIGN***Treasurer's Responsibility***

KRS 121.160(2)(c); KRS 121.220(1)

It is the treasurer's duty, by law, to make or authorize all expenditures on behalf of the campaign, and only from funds which have first been deposited into the campaign account.

Reporting Disbursements

KRS 121.160(2)(c)

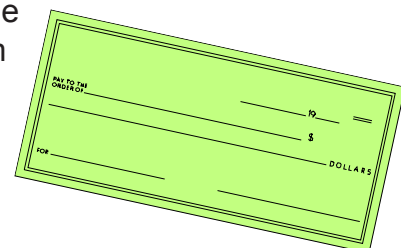
Each expenditure must be reported on Disbursements Schedule 2 regardless of the amount of the expenditure. For expenditures over \$25, the report must disclose the name, address, and occupation of the payee, and the date, purpose and amount of the expenditure. For expenditures of \$25 or less, the report must disclose the purpose, date and amount of each expenditure.

Expenditures by Check

KRS 121.160(2)(c); KRS 121.170(3); KRS 121.180(3)(a)(5); 32 KAR 2:200

Make all expenditures from the campaign account. All expenditures must be recorded and the report must disclose the date, amount and purpose. If the expenditure is over \$25, it must be paid by check, and in addition to the date, amount and purpose, the campaign must report name, address and occupation of the payee. However, it is recommended that all expenditures be made by check from the campaign account. Also see "Vote Hauling", page 58.

For each expenditure the campaign makes, it must maintain a receipt, invoice, statement, or contract to support it. The campaign must retain these documents for six years from the date the campaign's report is filed.



OTHER DISBURSEMENTS

Joint Expenditures

KRS 121.160(2)(e)

If advertising is purchased in conjunction with another campaign or organization, each campaign or organization must pay for its share of the cost with a separate check, rather than one campaign or organization paying for the total cost and being reimbursed by the other campaign or organization. This method of paying for joint advertising ensures that the campaign complies with KRS 121.160(2)(e). Remember that the campaign should maintain an invoice, receipt, contract, or other documentation to support its respective share of shared advertising costs.

Disbursement Adjustments

Refunds received on deposits (such as telephone and other utility deposits), refunds received from overpayment of bills, and the proceeds from the liquidation of committee property (such as office furnishings and equipment) are considered offsets to operating expenditures.

Offsets to operating expenditures are reported as disbursement adjustments on Schedule 2 in the period in which the refunds or proceeds are received.

Disbursements for Multiple Purposes

KRS 121.160(2)(e); 32 KAR 2:200

If a single purpose does not fully and clearly describe the services rendered or goods purchased, and space on the reporting form does not allow for a complete description, the campaign should attach supplemental information to its report.

For example, payments made on behalf of the campaign by an agent hired by the campaign (i.e. advertising agency, consultant, credit card expenses) must be fully disclosed on the campaign's reports, even though the actual payment was made by the agent.

When listing payments to "campaign workers", identify what service was provided (i.e. campaign literature distributed, signs put up or removed, canvassing, or vote hauling).

Invoices for Disbursements

KRS 121.120(4)(j); KRS 121.160(2)(d)

The treasurer should not make any disbursement without an invoice or receipt provided by the person to whom the payment is to be made. The invoices and receipts are to be maintained by the treasurer and made available for reasonable inspection and auditing by the Registry.

Reimbursements

KRS 121.160(2)(e)

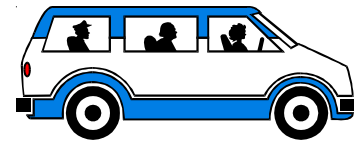
To the extent possible, all expenses of the campaign should be approved in advance of incurring the expense, and the vendor should be paid directly. The law contains specific language prohibiting the treasurer from making a payment to someone not directly providing goods or services to the campaign in an attempt to conceal a payment to someone else.

If a member of the campaign or the candidate does use personal funds for campaign related expenditures, the campaign treasurer should require the original receipts and invoices obtained by that individual to be submitted at the time the campaign reimburses the individual.

Vote Hauling

KRS 119.205(5); 32 KAR 2:200 § 1(4)

The law provides that all payments to persons transporting voters on election day are to be made by check, regardless of the amount paid to each individual. The campaign must pay each person directly and individually who transports voters. Lump sum payments to third parties for distribution to transporters are *not* acceptable. Each person paid for transporting voters to the polls must be reported as a disbursement by name, address and occupation.

**EVENTS**

KRS 121.180(5)

The Events Schedule 4 is used to report the date of events. If the event raises funds, the gross proceeds from each event, as well as any expenses, must also be reported.



Events such as rallies, dinners, luncheons and testimonials are considered fund raising events. The entire cost to attend the event is considered a contribution.

The sale of items such as hats, shirts and similar materials must be disclosed as a fund raising event.

DEBTS AND OBLIGATIONS

Loans

All loans received by the campaign from individuals or a bank must be itemized and continuously reported until repaid. Loans are reported on the Itemized Receipts Schedule 1 and on the Debts and Obligations Schedule 5 of the Election Finance Statement.

Initial Receipt of a Loan

The campaign must report the receipt of a loan as an "Other Receipt." This is recorded on Itemized Receipts Schedule 1, in Column 7b and also must be recorded on Debts and Obligations Schedule 5 of the Election Finance Statement.

Loan Repayments

A repayment of a loan is not recorded as an expenditure. It is recorded as a "receipts adjustment" on the Itemized Receipts Schedule 1 and should also be reflected on the Debts and Obligations Schedule 5 of the Election Finance Statement. Payments to reduce the principal on a loan must be itemized, regardless of the amount.

Debts Other Than Loans

KRS 121.180(3)(a)5

Campaign finance law requires that all expenditures "authorized, incurred, or made" be reported. Agreements to make expenditures should be reported as estimated obligations until actual payment is made. A contract for services (for example, a contract for radio advertising) constitutes an agreement to make an expenditure and should be reported as a debt until paid.

Debts Owed by the Campaign

An Election Finance Statement is incomplete if it fails to include debts the campaign is obligated to pay but, for whatever reason, has not paid as of the date the Election Finance Statement is filed.

Summary Page - Balance Statement

When all schedules have been completed, the grand totals from each schedule must be transferred to the Summary Page.

Internal records should be maintained in a manner that will enable the treasurer to easily transfer "Receipts In Currency", "Anonymous", and "Unitemized Contributions" to the Summary Page.

Copies of the campaign's previous reports must be maintained in order to complete Column II, Cumulative This Election.

The ending balance should reconcile with the bank records.

NOTES: